

Press release

Hypo Real Estate Capital Corporation closes \$175 Million loan to a Macklowe Properties affiliate - Loan provides for the refinancing of the existing debt on 2 Grand Central Tower

New York, Dublin, Munich, May 7th 2004: Hypo Real Estate Capital Corporation (“HRECC”), New York, has provided a \$175 million loan to an affiliate of development firm Macklowe Properties. In a deal that took less than four weeks to close, Hypo Real Estate Capital Corporation provided the partnership with a floating rate loan to refinance the existing debt on 2 Grand Central Tower, a 44-story, 637,000-square-foot tower, located half a block from Grand Central Terminal. The two-year loan is pegged to a spread over Libor.

The distinctive office building at 2 Grand Central tower has enjoyed a rapid rerenting program under the supervision of ownership and its agent, Cushman & Wakefield. The building has been successfully repositioned in the marketplace and most of the half-million square feet of offices vacated last September by JP Morgan Chase has been quickly rerented by a Cushman & Wakefield leasing team headed by Mitchell Konsker and Paul Amrich.

Recent lease signings at the building include the executive offices of the U.S. Mission (77,000 sf), Meister & Selig & Fein (20,250 sf), Storch Amini & Munves (15,750 sf), BBR Partners (15,750 sf), KBC Bank (15,000 sf), Wells Fargo Foothill (7,500 sf), and K Street Capital (7,000 sf).

One of the key elements that aided the building’s successful repositioning was that ownership anticipated the Chase move-out and completed a major \$10 million renovation and refurbishing program in 2001 from plans by architect Moed Armas & Shannon. The modernization included an

extensive upgrading of the lobby and plaza areas, as well, as bringing advanced security and other high-tech infrastructure into the building.

New York-based Cooper Horowitz represented the Macklowe partnership in this loan transaction, making this the second collaborative effort between Hypo Real Estate Capital Corporation and Macklowe Properties. The first was a mezzanine financing initiative for the Macklowe acquisition of the GM Building late last year.

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About Hypo Real Estate Capital Corporation

Hypo Real Estate Capital Corporation, formerly known as HVB Real Estate Capital, is the New York subsidiary of Hypo Real Estate Bank International and the headquarters for all real estate lending activities in the U.S. Since 1988, the group has established itself as a leading lender in the U.S. commercial real estate market. The firm's businesses include construction lending, fixed and floating rate lending and mezzanine lending throughout the Americas. Hypo Real Estate Capital Corporation continues to be one of the major foreign real estate lenders in the U.S.

About Hypo Real Estate Bank International

Hypo Real Estate Bank International based in Dublin, Ireland, is part of the Hypo Real Estate Group (HREG). The corporate group – which is the result of HVB Group spinning off its commercial real estate activities – comprises the non-operational, listed holding company, Hypo Real Estate Holding AG headquartered in Munich alongside two other operational units: Stuttgart-based Würtembergische Hypothekenbank AG (WürttHyp) and Munich-based Hypo Real Estate Bank AG Germany. Hypo Real Estate Group is one of Europe's largest providers of commercial real estate finance.

Press Contact:

Hypo Real Estate Group

Oliver Gruss

+49 (0) 89 203007 781

Oliver.Gruss@hyporealestate.com

For further information, visit our Web sites at:

www.hyporealestate.com

www.hypointernational.com